

**Amend Section 42886 of the Public Resources Code to clarify ambiguous language regarding the reporting of the California Tire Fee and to delete language requiring a 20% penalty that is in conflict with the applicable Fee Collection Procedures Law.**

**Source: Special Taxes Department – Excise Taxes Division**

Under existing law, Section 42886(a) of the Public Resources Code provides the payment due date for California Tire Fee returns filed on a quarterly basis. However, the current language is confusing because it refers to a yearly reporting period. The payment due date for returns filed on a yearly basis is contained in Section 42886.1.

This proposal would simply remove the confusing reference to the yearly reporting period from Section 42886.

Existing law provides that the Integrated Waste Management Board (IWMB) may contract with or cooperate with any state agency where an existing state agency performs functions of a similar nature to the IWMB's functions. The IWMB currently contracts with the Board of Equalization (Board) to collect the California Tire Fee. In 1995, Senate Bill 718 (Ch. 555, Thompson, et al) amended Section 42882 of the Public Resources Code to provide the Board with administrative authority to collect the California Tire Fee pursuant to the Fee Collection Procedures Law (Part 30 (commencing with Section 55001) of Division 2 of the Revenue and Taxation Code).

Although SB 718 provided the Board the statutory authority to impose interest and penalties or to engage in collection activities, it inadvertently resulted in two penalties for the late payment of fees. One penalty is contained in Section 55042 of the Revenue and Taxation Code (Fee Collection Procedures Law), which the Board uses to impose a penalty of 10 percent of the amount of the fee if the fee is not paid to the Board within the time prescribed. The second penalty is contained in Public Resources Code Section 42886, which provides a 20 percent penalty for the late payment of the fee. Accordingly, current law provides conflicting penalties for late payment of the California Tire Fee.

This proposal would eliminate the 20 percent penalty contained in Section 42886(b) of the Public Resources Code. This proposal would leave the 10 percent penalty for late payment of the fee since the Board collects the California Tire Fee pursuant to the Fee Collection Procedures Law in which the 10 percent penalty is contained. The 10 percent penalty is also consistent with late payment penalties imposed under all other taxes and fees administered by the Board.

*Sections 42886 of the Public Resources Code is amended to read:*

42886 (a) The fees remitted pursuant to Section 42885 are due and payable quarterly on or before the 15<sup>th</sup> day of the month following each ~~quarterly or yearly reporting period~~ calendar quarter.

~~(b) A penalty of 20 percent of any fees not paid when due shall be assessed and collected.~~